

### **REMARKS**

Claims 1-21 stand rejected. Claims 1 and 12 have been amended. No new matter has been added. Applicants respectfully request reconsideration in view of the foregoing amendments.

#### **Claim Rejections - 35 U.S.C. § 101**

Claims 1 and 12 were rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory subject matter. As stated in the present Office Action, "To qualify as a statutory process, the claim should positively recite the other statutory class to which it is tied, for example by identifying the apparatus that accomplished the method steps...." See Office Action, Page 2. Thus, Applicants have amended Claims 1 and 12 to positively recite a computer that implements the system elements of Claim 1 and that performs the method steps of Claim 12. Support for these amendments can be found at least in FIG. 1 and in the specification as originally filed on pages 8-11 and 14. Applicants respectfully submit that the above-described amendments overcome the rejection of Claims 1 and 12 under 35 U.S.C. § 101.

#### **Claim Rejections - 35 U.S.C. § 102(e)**

Claims 1-21 were rejected under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent No. 6,148,293 ("King").

Claims 1 and 12 have been amended to respectively recite a computer system and a method for exchanging a financial note for a quantity of non-cash financial item. Specifically, claims 1 and 12 have been amended to respectively recite structure for and steps of: (1) calculating a value of the financial note based upon a level of an index that represents a first set of one or more non-cash financial items (e.g., the Dow Jones Industrial Average stock index), and (2) delivering a quantity of a second, different set of one or more non-cash financial items (e.g., IBM stock) to an investor in exchange for the note based upon a ratio of the calculated value of the note and the price of the one or more financial items in the second set. Support for these amendments can be found in the published patent application (U.S. Pat. Appl. Pub. No. US 2002/0107771) at least at paragraphs [0034], [0043], [0045], and [0058]. The claimed invention thus gives investors the incentive to purchase a financial note that is exchangeable into a potentially poor-performing second set of one or more non-cash financial items (e.g., IBM stock)

because the value of the note is based upon a potentially better-performing first set of one or more non-cash financial items (e.g., the Dow Jones Industrial Average stock index).

In contrast, King discloses a data processing and computing system for creating, servicing, and paying financial instruments (e.g., loan agreements). See King, Abstract. Specifically, King discloses financial instruments with terms and conditions that require a borrower to repay money tendered by a lender and to periodically compensate the lender at a rate that is tied to an external benchmark. See King, column 23, line 50 through column 24, line 3. The financial instrument may be issued in any amount and currency as a debt obligation, a guaranteed investment contract, a certificate of deposit, or a note. See King, column 15, lines 38-53; column 24, lines 60-65; column 27, lines 31-57.

King, however, nowhere teaches or discloses a system for calculating a value of a financial note based on an index for a first set of non-cash financial items and for delivering a quantity of a second, different set of non-cash financial items to an investor in exchange for the note based on the value of the note and the price of the second set of non-cash financial items as set forth in the claims as now amended (“calculating a value of the note based upon a level of an index representative of a first set of one or more non-cash financial items ... and ... delivering a quantity of a second, different set of one or more non-cash financial items to the investor in exchange for the financial note ... based upon a ratio of the calculated value of the note and price of the one or more non-cash financial items in the second set”). Rather, King describes a system that determines the present value for the principal of a financial instrument (e.g., a note) and that compensates a lender in cash at an adjustable interest rate that may be tied to an external benchmark (e.g., the rate of a U.S. government bond). See King, column 8, lines 33-43. For at least these reasons, claims 1 and 12 are patentable as they are neither obvious nor anticipated in view of King.

Furthermore, by virtue of at least their dependency upon claims 1 and 12 and the additional features recited therein, claims 2-11 and 13-21 are also patentable.

CONCLUSION

In view of the above amendments and remarks, it is believed that claims 1-21 are in condition for allowance, and it is respectfully requested that the application be passed to issue. If the Examiner feels that a telephone conference would expedite prosecution of this case, the Examiner is invited to call the undersigned.

Respectfully submitted,

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